



Danbury Hospital

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CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

April 8, 2005

Gerard D. Robilotti, M.S., FACHE
Executive Vice President



Associate Dean
New York Medical College

The Honorable Cristine A. Vogel
Commissioner
State of Connecticut
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
Post Office Box 340308
Hartford, CT 06134-0308

RE: Letter of Intent: Establishment of a Wound Care Center at Danbury Hospital

Dear Commissioner Vogel:

Danbury Hospital is pleased to submit, for your consideration, one (1) original and five (5) copies of the Letter of Intent (LOI) for the Establishment of a Wound Care Center at Danbury Hospital.

If you or your staff have any questions, please direct them to my attention at 203-797-7414.

Yours truly,

Gerard D. Robilotti
Executive Vice President

GDR:dte
Enclosures

cc: Keith A. Hovan, Chief Operating Officer, Danbury Hospital
Michael Daglio, Service Line Executive, Cardiology, Danbury Hospital
Pierre F. Saldinger, M.D., Chairman, Department of Surgery, Danbury Hospital
Alan Dietzek, M.D., Department of Vascular Surgery, Danbury Hospital
J. Michael Eisner, Esq., Danbury Hospital



State of Connecticut Office of Health Care Access Letter of Intent/Waiver Form Form 2030

All Applicants must complete a Letter of Intent (LOI) form prior to submitting a Certificate of Need application, pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes and Section 19a-643-79 of OHCA's Regulations. Please submit this form to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS# 13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. APPLICANT INFORMATION

If there are more than two Applicants, please attach a separate sheet of paper and provide additional information in the format below.

	Applicant One	Applicant Two
Full legal name	The Danbury Hospital	
Doing Business As	n/a	
Name of Parent Corporation	Danbury Health Systems, Inc.	
Mailing Address, if Post Office Box, include a street mailing address for Certified Mail	24 Hospital Avenue Danbury, CT 06810	
Applicant type (e.g., profit/non-profit)	Non-profit, tax-exempt, Nonstock corporation	
Contact person, including title or position	Gerard D. Robilotti, Executive Vice President	
Contact person's street mailing address	24 Hospital Avenue Danbury, CT 06810	
Contact person's phone #, fax # and e-mail address	203-797-7414 (P) 203-830-2029 (F) Gerard.Robilotti@danhosp.org	

SECTION II. GENERAL APPLICATION INFORMATION

a. Proposal/Project Title: **Wound Care Center at Danbury Hospital**

b. Type of Proposal, please check all that apply:

☒ Change in Facility (F), Service (S) or Function (Fnc) pursuant to Section 19a-638, C.G.S.:

☒ **New (S)** ☐ Replacement ☐ Additional (F, S, Fnc)

☐ Expansion (F, S, Fnc) ☐ Relocation ☐ Service Termination

☐ Bed Addition ☐ Bed Reduction ☐ Change in Ownership/Control

☐ Capital Expenditure/Cost, pursuant to Section 19a-639, C.G.S.:

☐ Project expenditure/cost greater than \$ 1,000,000

☐ Equipment Acquisition greater than \$ 400,000

☐ New ☐ Replacement ☐ Major Medical

☐ Imaging ☐ Linear Accelerator

☐ Change in ownership or control, pursuant to Section 19a-639 C.G.S., resulting in a capital expenditure over \$1,000,000

c. Location of proposal (Town including street address): **24 Hospital Avenue, Danbury Ct 06810**

d. List all the municipalities this project is intended to serve:
(See Attachment II)

e. Estimated starting date for the project: **Upon approval by OHCA**

f. Type of project: **25**

(Fill in the appropriate number(s) from page 7 of this form)

Number of Beds (to be completed if changes are proposed) N/A

Type	Existing Staffed	Existing Licensed	Proposed Increase (Decrease)	Proposed Total Licensed

SECTION III. ESTIMATED CAPITAL EXPENDITURE INFORMATION

- a. Estimated Total Capital Expenditure: **\$784,330**
- b. Please provide the following breakdown as appropriate:

Construction/Renovations	\$436,080
Medical Equipment (Purchase)	23,760*
Imaging Equipment (Purchase)	
Non-Medical Equipment (Purchase)	15,240
Sales Tax (Included above)	
Delivery & Installation (included above)	
Total Capital Expenditure	\$475,080
Fair Market Value of Leased Equipment	309,250*
Total Capital Cost	\$784,330

*The Vendor will purchase the chambers and lease them to the Hospital; the fair market value of the chambers including taxes and installation is \$309,250; the Hospital will be responsible for the balance of the capital equipment, which is \$23,760.

Major Medical and/or Imaging equipment acquisition:

Note: Equipment to be Owned by Vendor

Equipment Type	Name	Model	Number of Units	Cost per unit
Hyperbaric Chamber	Perry SIGMA	34	2	\$130,000

Note: Provide a copy of the contract with the vendor for major medical/imaging equipment. (See Attachment III).

c. Type of financing or funding source (more than one can be checked):

- ☒ **Applicant's Equity**
☐ Lease Financing
 ☐ Conventional Loan
☐ Charitable Contributions
 ☐ CHEFA Financing
 ☐ Grant Funding
☐ Funded Depreciation
 ☐ Other (specify): _____

SECTION IV. PROJECT DESCRIPTION

See Attachment I

Please attach a separate 8.5" X 11" sheet(s) of paper and provide no more than a 2 page description of the proposed project, highlighting all the important aspects of the proposed project. Please be sure to address the following (if applicable):

- Currently what types of services are being provided? If applicable, provide a copy of each Department of Public Health license held by the Petitioner.
- What types of services are being proposed and what DPH licensure categories will be sought, if applicable?
- Who is the current population served and who is the target population to be served?
- Identify any unmet need and how this project will fulfill that need.
- Are there any similar existing service providers in the proposed geographic area?
- What is the effect of this project on the health care delivery system in the State of Connecticut?
- Who will be responsible for providing the service?
- Who are the payers of this service?

If requesting a Waiver of a Certificate of Need, please complete Section V.

SECTION V. WAIVER OF CON FOR REPLACEMENT EQUIPMENT

I may be eligible for a waiver from the Certificate of Need process because of the following:
(Please check all that apply)

- ☐ This request is for Replacement Equipment.
 - ☐ The original equipment was authorized by the Commission/OHCA in Docket Number: _____.
 - ☐ The cost of the equipment is not to exceed \$2,000,000.
 - ☐ The cost of the replacement equipment does not exceed the original cost increased by 10% per year.

Please complete the attached affidavit for Section V only.

AFFIDAVIT

Applicant: The Danbury Hospital

Project Title: Wound Care Center at Danbury Hospital

I, Gerard D. Robilotti, Executive Vice President of Danbury Hospital being duly sworn, depose and state that the information provided in this CON Letter of Intent/Waiver Form (2030) is true and accurate to the best of my knowledge, and that Danbury Hospital complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

Gerard D. Robilotti
Signature

April 7, 2005
Date

Subscribed and sworn to before me on April 7th, 2005

Susan M. Hanna
Notary Public/Commissioner of Superior Court

My commission expires: 9/30/09

Project Type Listing

Please indicate the number or numbers of types of projects that apply to your request on the line provided on the Letter of Intent Form (Section II, page 2).

Inpatient

1. Cardiac Services
2. Hospice
3. Maternity
4. Med/ Surg.
5. Pediatrics
6. Rehabilitation Services
7. Transplantation Programs
8. Trauma Centers
9. Behavioral Health (Psychiatric and Substance Abuse Services)
- ☒ 10. Other Inpatient

Outpatient

11. Ambulatory Surgery Center
12. Birthing Centers
13. Oncology Services
14. Outpatient Rehabilitation Services
15. Paramedics Services
16. Primary Care Clinics
17. Urgent Care Units
18. Behavioral Health (Psychiatric and Substance Amuse Services)
19. MRI
20. CT Scanner
21. PET Scanner
22. Other Imaging Services
23. Lithotripsy
24. Mobile Services
- ☒ 25. Other Outpatient
26. Central Services Facility

Non-Clinical

27. Facility Development
28. Non-Medical Equipment
29. Land and Building Acquisitions
30. Organizational Structure (Mergers, Acquisitions, Affiliations, and Changes in Ownership)
31. Renovations
32. Other Non-Clinical

Project Description

1. Currently what types of services are being provided?

Patients requiring treatment for chronic wounds currently receive treatment through a variety of practitioners including family practitioners, general surgeons, dermatologists, infectious disease specialists, vascular surgeons, podiatrists, orthopedic surgeons, and plastic surgeons. The Danbury medical community does not currently have a coordinated, comprehensive wound care program in place to accommodate patients suffering from chronic wounds.

2. What types of services are being proposed and what DPH licensure categories will be sought, if applicable?

Danbury Hospital proposes to establish a wound care center utilizing two leased monoplace chambers for hyperbaric oxygen therapy. Diversified Therapy Services, a nationally recognized provider of wound care services, will own these chambers and will provide certain management and support services. The center will specialize in the treatment of chronic wounds, soft tissue infections, and ulcers that are traditionally associated with diabetic, elderly and surgical patients.

3. Who is the current population served and who is the target population to be served?

The current and target population includes residents from the hospital's primary and secondary market areas. Please see attachment II, the Hospital's service area.

4. Identify any unmet need and how this project will fulfill that need.

Studies indicate that the incidence of chronic wounds is highest among the elderly population and the population suffering from diabetes mellitus. In the Danbury Hospital service areas:

- The patient population is 350,000.
- The elderly account for 38,500 or 11% of the population. (2000 Census Data)
- The estimated number of diabetics is 22,050 or 6.3% of the population (American Diabetes Association), and it is estimated that 15% of the diabetic population alone, or 3,308 residents, will require wound care services.

In addition, as diabetes is also linked to obesity, the number of diabetics will continue to increase in proportion to the rising incidence in obesity of all ages of the population, thereby increasing the number of residents who will ultimately suffer from chronic wounds.

The current treatment for chronic wounds in Danbury Hospital's service areas is fragmented, uncoordinated, and handled on an individual practitioner basis. Patients are frequently being managed by a healthcare system designed to deal with acute healthcare problems. A wound care program at Danbury Hospital will create focused, comprehensive treatment for this patient population. Patients will benefit from standardized policies and procedures, treatment algorithms for wound care management, hyperbaric oxygen therapy, and treatment outcome data. This will significantly improve the quality and continuity of care for those suffering from this disabling and life-threatening chronic health problem.

5. Are there any similar existing service providers in the proposed geographic area?

There are no other providers of wound care services in this service area. The closest providers of wound care services are St. Mary's Hospital in Waterbury, which is 29 miles away, and Griffin Hospital in Derby, which is approximately 27 miles away.

A typical HBOT and wound care treatment regimen includes 3-5 visits per week for approximately 6 weeks. Patients requiring wound care services frequently have complicated medical problems and have many co-morbidities, including diabetes, hypertension, obesity, and cardiovascular disease. It is difficult for wound treatment patients to travel long distances for treatment and compliance with the treatment regimen becomes an issue.

6. What is the effect of this project on the health care delivery system in the State of Connecticut?

The Hyperbaric and Wound Care Center will improve the health care delivery system in the State of Connecticut by improving access to wound care and hyperbaric oxygen therapy for patients in our primary and secondary service areas. The diabetic and elderly patient populations will especially benefit from these services given their high incidence of chronic wounds and, in the case of the diabetic population, limb amputation. Patients will receive clinical wound care services in an outpatient setting focused on the treatment of chronic wounds. Continuity of care and standardized treatment approaches will decrease the number of patient visits required for successful treatment, leading to a decrease in the costs associated with prolonged wound care treatment. This is a patient population that is currently underserved in this area of Connecticut.

7. Who will be responsible for providing the service?

The service is to be provided by the Hospital. Professional care will be rendered by general surgeons, vascular surgeons, plastic surgeons, infectious disease specialists, and other trained clinical and medical staff.

8. Who are the payers of this service?

Medicare – 44.5%
Managed Medicare – 0.2%
Medicaid – 7.7%
Managed Medicaid – 3.6%
Commercial – 23%
HMO – 11.8%
Private/Self – 7.3%
Employee – 1.9%

Attachment II

Service Area of Danbury Hospital

The Hospital's Primary Service Area:

06801	Bethel
06804	Brookfield
06810, 11	Danbury
06812	New Fairfield
06470	Newtown
06875	Redding
06877	Ridgefield

CT Secondary Service Areas

06752	Bridgewater
06757	Kent
06776	New Milford
06468	Monroe
06783	Roxbury
06784	Sherman
06488	Southbury
06794	Washington
06897	Wilton
06798	Woodbury

NY Secondary Service Area Towns

10506	Bedford
10509	Brewster
10512	Carmel
10526	Golden's Bridge
10541	Mahopac
10560	North Salem
12563	Patterson
12564	Pawling
10576	Pound Ridge
10589	Somers
10590	South Salem

Diversified Therapy

CLINICAL WOUND CARE WITH HYPERBARIC OXYGEN THERAPY MANAGEMENT AND SUPPORT SERVICES AGREEMENT

THIS AGREEMENT is by and between **DANBURY HOSPITAL**, ("Hospital"), and **DIVERSIFIED THERAPY CORP.** ("Company").

WITNESSETH

WHEREAS, Hospital owns, operates and maintains a hospital facility located in Danbury, CT (the "Facility"); and

WHEREAS, Hospital has determined that there is a community need for inpatient and outpatient Clinical Wound Care ("CWC") (as defined below) and, accordingly, desires to establish a program (the "Program") whereby such CWC will be provided to its patients; and

WHEREAS, Company has expertise in the development, management and operation of CWC programs and is engaged in the business of providing Management and Support Services (as defined below) for CWC for hospitals; and

WHEREAS, Hospital and Company desire to enter into an arrangement whereby Company will consult with Hospital in establishing and operating Hospital's Program by furnishing certain Management and Support Services as herein provided.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein set forth, Hospital does hereby engage Company to provide Management and Support Services under an arrangement pursuant to the terms set forth below:

ARTICLE 1

DEFINITIONS

When used in this Agreement, the following terms have the meanings hereafter indicated:

1.1 **Center**. The physical area that is owned or controlled by Hospital where CWC is provided according to this Agreement.

1.2 **Clinical Wound Care ("CWC")**. The clinical wound care services provided to Patients with chronic wounds or other similar conditions involving, but not limited to, debridement, dressings, antibiotics, and HBOT.

1.3 **Company Property**. The property owned by Company described in Addendum "A", attached hereto, and other property placed by Company in Center during the Term of this Agreement.

1.4 **Company Staff.** The persons employed by Company to provide Management and Support Services pursuant to the terms of this Agreement. Company Staff shall include a full-time, on-site, Program Director and such other personnel as are more particularly described in Addendum "B", attached hereto.

1.5 **Effective Date.** The date that the first CWC or HBOT service is provided to a Patient in Center.

1.6 **Equipment.** The equipment, materials, software and other property provided by Company as described in Addendum "A", attached hereto.

1.7 **Hospital Staff.** The persons employed by Hospital to render CWC to Patients pursuant to the terms of this Agreement and as more particularly described in Addendum "B", attached hereto.

1.8 **Hyperbaric Oxygen Therapy ("HBOT").** The services provided to Patients as prescribed by such Patient's treating physician through the use of hyperbaric oxygen chambers provided by Company.

1.9 **Management and Support Services.** The services provided by Company related to CWC and as otherwise required to be provided by Company hereunder, which shall include the provision of Company Staff, Equipment, documentation, data tracking systems, education of Hospital Staff and other medical professionals, and ongoing consultation.

1.10 **Patient(s).** A person in Hospital's Program who receives CWC at Center.

1.11 **Physician.** A physician who is credentialed by Hospital to provide CWC for Patients in the Program.

1.12 **Term.** The time periods described as the Initial Term and any subsequent Renewal Term or Terms as described in Sections 7.1 and 7.2 of this Agreement.

1.13 **WoundStar®.** The proprietary wound management web-based data tracking system provided by Company.

1.14 **Certificate of Need.** The Hospital will apply to the Connecticut Office of Health Care Access (OHCA) for a certificate of need authorizing it to provide hyperbaric oxygen therapy services and to undertake any associated capital expenditures. Company will fully cooperate with Hospital in the application process. In the event that OHCA denies the application, this Agreement will be deemed to be void and neither Party will have any further obligations to the other Party. In the event that OHCA approves the application with modifications or conditions that affect this Agreement, the Parties will promptly enter into negotiations to conform the Agreement to such modifications or conditions; if it is not possible to conclude such negotiations within a reasonable period of time, or if the modifications or conditions make it impossible for one of the Parties to continue in the Agreement, then neither Party shall have any further obligations to the other Party and this Agreement will be deemed to be terminated.

ARTICLE 2

ESTABLISHMENT OF PROGRAM

2.1 **Designated Space.** Hospital shall identify and furnish suitable space to provide CWC, including office space, Patient changing areas, restrooms, Patient and family waiting areas, and other facilities necessary to provide CWC for the Program. In selecting and developing such space, including its size and location, Hospital shall consider input from Company and the space shall, after renovation, be usable as a Patient treatment area and meet all relevant building and life safety codes. Hospital and Company hereby agree and acknowledge that all space to be provided for the operation of the Program shall be necessary, appropriate and essential to the efficient delivery of CWC to Patients.

2.2 **Center Design.** Company shall provide a preliminary design recommendation for Center, which Hospital shall consider in good faith in developing Center to be used for Hospital's Program.

2.3 **Center Development Oversight.** Hospital and Company shall each designate an individual to oversee and manage the development, construction or renovation of Center according to the agreed upon plan.

2.4 **Financial Responsibility.** Hospital shall be responsible for all costs associated with the construction or renovation of Center suitable for CWC, and for payment to all contracted vendors.

2.5 **Center Opening.** Hospital shall use its reasonable efforts to open Center within ninety (90) days following the execution of this Agreement by Hospital, or promptly after OHCA approves the Hospital's application for a certificate of need, whichever occurs last.

ARTICLE 3

COMPANY RESPONSIBILITIES

During the Term of this Agreement, Company shall provide the following Management and Support Services:

3.1 **Assessments and Reviews.** Company shall provide to Hospital an annual on-site review and a written assessment of Center operations to include observations and recommendations for improvement of the Program, and an analysis of key clinical data, assessment of any negative patient outcomes, general statistics on patient outcomes, growth, demographic indicators and financial summaries, and a discussion of such other topics as Hospital may reasonably request.

3.2 **Budgeting and Planning.** Company shall provide ongoing support to Hospital in the budgeting and planning process for Center, as requested by Hospital. Such budgeting and planning process shall include, but shall not be limited to: (i) projections for necessary supplies utilized in connection with CWC; (ii) projections for nursing, technical, and other medical staff necessary for continued efficient operation of the Program; (iii) projections of costs for CWC

educational programs, training and materials to be delivered to Hospital staff and community medical professionals; and (iv) annual and long range clinical performance objectives.

3.3 **Center Development.** Company shall provide a comprehensive Center Development and Implementation Check List, and will assist with oversight of the Center construction and development process prior to opening of Center.

3.4 **Company Staff.** Company shall provide to Hospital Company Staff in accordance with the arrangements described on Addendum "B" attached hereto. Company and Company Staff shall adhere to all related or pertinent Hospital and Hospital Medical Staff policies and procedures, (i.e., fire drills, bomb threats, infection control, immunization procedures, conscious sedation policies, Patient care issues, and drug testing, etc.), Joint Commission on Accreditation of Healthcare Organizations ("JCAHO") policies and standards related or pertinent to the Program, and state and federal requirements related or pertinent to the Program. Company Staff shall not be considered employees of the Hospital and shall have no claim under this Agreement or otherwise against Hospital for vacation pay, sick leave, retirement benefits, social security benefits, worker's compensation, disability or other unemployment insurance benefits of any kind.

3.5 **Continuum of Care.** Company shall assist Hospital in coordinating and standardizing wound care throughout Hospital's inpatient, subacute, outpatient, home health and nursing facilities.

3.6 **Corporate Oversight.** In addition to Company Staff employed at Center, Company shall assign a Regional Vice President who shall be responsible for maintaining continuity between Company Staff and Hospital at Center. Company shall also arrange for the services of Company medical consultants who have clinical experience and expertise in CWC to assist with the training and education of Hospital physicians and Hospital Staff, and to consult on issues pertaining to the delivery of CWC at Center.

3.7 **Equipment.** Company shall provide and install, at its expense, Equipment, listed on Addendum "A" attached hereto, which Equipment shall be Company Property. Company represents to Hospital that Equipment shall be in, and shall be maintained in, good working order and licensed in accordance with applicable laws, regulations, and standards. The cost of any repairs or other maintenance of Equipment shall be the sole responsibility of Company. Company shall assure the availability of a technician trained in the calibration, maintenance and operation of Equipment at all times during the Term of this Agreement to provide repairs and maintenance on a timely basis.

3.8 **Inservice Training Programs.** Company shall provide at Hospital, in-service training programs relating to the provision of CWC for the nurses and other professional staff of Center and Hospital at least three (3) times per year during the Term of this Agreement. Some of these in-services may qualify for continuing educational credits.

3.9 **JCAHO Reviews.** Company shall assist Hospital with the planning and preparation for JCAHO and similar reviews as they pertain to the Program.

3.10 **Management and Reporting.** Company shall regularly and consistently provide administrative oversight of Center in accordance with applicable Hospital policies and procedures, and shall be accountable to the head of the department of Hospital of which the

Program is a part, or such other person designated by Hospital. Company representatives shall meet regularly, as reasonably requested by Hospital, with such person designated by Hospital to discuss the management and operation of the Program.

3.11 **Operations and Medical Documents.** Company shall provide to Hospital for its use the policy, procedure, operations and medical documents as listed on Addendum "A", attached hereto, for review, modification and adoption by Hospital. Such documents will be updated by Company in coordination with Hospital Staff.

3.12 **Patient Education.** Company shall provide to Hospital for distribution to patients basic patient education brochures, as listed on Addendum "A", attached hereto, covering topics such as an introduction to CWC, and specific instructions on caring for particular types of wounds. Hospital shall have the right to review and approve any patient education brochures used in the Program prior to their use.

3.13 **Physician Education.** Company shall pay for the registration and tuition fees for the Problem Wound Management Education Course and the HBOT certification course for Physicians selected and credentialed by Hospital who shall provide CWC at Center. The parties hereby agree and acknowledge that Company's payment of such registration and tuition fees for Physicians is solely for the purpose of ensuring that Physicians understand the proper uses of the HBOT treatments, the medical indications and contraindications, as well as the correct clinical protocols for CWC, and in no way is intended to induce referrals to the Program.

3.14 **Program Educational Materials.** Company shall consult with Hospital with respect to any plan for the education of community physicians, community physician office staff, community agencies, skilled nursing facilities, diabetic programs, home health agencies, etc. regarding the availability of the Program and Program resources developed by Hospital. Company shall provide recommendations of updates to the educational plan to Hospital on an annual basis throughout the Term of this Agreement. Company shall provide examples of educational materials, brochures, and copies of print, billboard and radio announcements as listed in Addendum "A", attached hereto, which may be used by Hospital at its discretion.

3.15 **Quality and Performance Improvement.** Company shall use its best efforts to assure the quality, consistency and improvement of CWC provided in the Program, and shall comply with all applicable Hospital and JCAHO, policies and standards applicable to the Management and Support Services being rendered by Company and Company Staff. Further, Company shall assist Hospital's performance improvement and quality assurance efforts by reporting requested data to Hospital.

3.16 **Reference Library.** Company shall provide to Hospital a CWC reference library as listed in Addendum "A", attached hereto.

3.17 **Regulatory Compliance.** Company shall consult with Hospital with respect to Hospital's compliance program relating to State and Federal regulations pertaining to CWC and HBOT and will provide updates on relevant legislative changes as such become known to Company.

3.18 **System and Reports.** Upon the opening of Center, Company shall provide WoundStar® for patient data and outcome tracking as listed in Addendum "A", attached hereto. WoundStar® is Company Property, and in no way shall ownership or any other interest in WoundStar® be transferred, assigned or otherwise conveyed to Hospital as a result of the execution of this Agreement or the performance of any obligations hereto, irrespective of any state or federal laws, or common law doctrines pertaining to trademarks, copyrights, patents and/or any other intellectual property. During the Term of this Agreement, Company shall provide monthly, quarterly and annual reports tracking discharged Patient outcomes, utilization including ancillary procedures, revenue for Medicare and non-Medicare Patients, and discharged Patient demographics. In order for Company to provide reports as specified in this Agreement, Company shall use its reasonable efforts to enter the required data in WoundStar® in a timely and accurate fashion. Within thirty (30) days following the expiration or termination of this Agreement, Company shall provide to Hospital a final summary report of all such data. Company shall provide to Hospital ongoing training on the proper use of WoundStar® to help assure timely and accurate data entry. Company certifies that WoundStar® is encrypted and fully HIPAA compliant.

3.19 **Staff Recruitment and Qualifications.** Company shall assist Hospital, as requested, in the recruitment and selection of Hospital Staff, and in the establishment of minimum requirements to help ensure that qualified personnel will be used in connection with the provision of CWC in the Program.

3.20 **Technical Billing Education and Training.** Company shall provide educational services and training of personnel designated by Hospital to assist with the implementation of appropriate coding and billing procedures, and shall assist in the review of such procedures.

3.21 **Training and Education.** In addition to the physician education referenced in 3.13 above, Company shall assume full responsibility for all training and education for Company Staff, and shall pay for the registration and tuition fees for appropriate Hospital Staff for Company's Problem Wound Management Course and HBOT training.

ARTICLE 4

HOSPITAL RESPONSIBILITIES

During the Term of this Agreement, Hospital shall provide the following:

4.1 **Assignment to Hospital Department.** Prior to or upon the opening of Center, Hospital shall assign the Program to an existing department of Hospital and provide Company with the name of the individual responsible for oversight of that department.

4.2 **Coding, Billing and Collection.** Hospital shall be responsible for establishing the fees to be charged, coding of all claims, billing and collection of the technical component of all CWC rendered to Patients in the Program, and for the professional component of CWC rendered by any Physicians employed by Hospital, if applicable. Billing for the professional component of CWC rendered by Physicians who are not employed by Hospital shall be the responsibility of the individual Physicians. Hospital shall deliver to Company a quarterly

accounting of billing performed by Hospital and the related collection history so that Company may render technical education and training as described in Section 3.20 contained herein.

4.3 **Educational Materials and Advertising.** Hospital, in consultation with Company, shall develop educational materials for the Program for the benefit of community physicians, community physician office staff, community agencies, skilled nursing facilities, diabetic programs, home health agencies, etc., such that these professionals may become knowledgeable with respect to CWC processes and the availability of Program services. Hospital shall be responsible for the cost of advertising but may use, at its discretion, all educational materials provided by Company as listed in Addendum "A", attached hereto.

4.4 **Hospital Staff.** Hospital shall provide all clinical and technical personnel required to render CWC in Center ("Staff") that are not provided by Company, as set forth on Addendum "B", attached hereto. As requested, Company will assist Hospital in the recruitment and hiring of such Hospital Staff and advise Hospital on ongoing staffing needed to render CWC in the Program.

4.5 **Lender Requested Documents.** Prior to the delivery of Equipment, Hospital agrees to execute and deliver such documents as may be reasonably required by Company's Equipment lenders to permit such lenders to perfect and enforce any security interests granted in Equipment to such lenders, including the right of peaceable entry and the removal of Equipment in the event of default by Company.

4.6 **Medical and Office Equipment.** Hospital shall be responsible for providing, at its expense, the type of medical and office equipment for Center as outlined in Addendum "C" attached hereto, all Patient billable and consumable supplies, janitorial services, biohazardous waste removal, Patient linens, gowns and an emergency crash cart, if required by Hospital policy.

4.7 **Medical Director.** Hospital, after consultation with Company, shall appoint a Medical Director who shall oversee the medical activities of Center and coordinate with Company Staff. Hospital shall be responsible for all fees or other compensation, if any, payable to the Medical Director. Hospital agrees that any and all fees actually paid to the Medical Director shall be in conformity and compliance with all applicable state and federal laws regulating such arrangements.

4.8 **Oxygen Supply.** Hospital shall provide for the delivery of oxygen to operate the hyperbaric chambers from an appropriate bulk oxygen source in accordance with the manufacturers specifications for such chambers.

4.9 **Patient Plan of Care.** Hospital shall use its reasonable efforts to assure that all CWC shall be rendered in accordance with professional standards and with the plan of care for each Patient established by the Physician or other qualified therapist as permitted by law to develop a plan of care.

4.10 **Physician Coverage.** Hospital shall arrange for and assure Physician coverage for Center to provide CWC in accordance with the schedule established by the Medical Director. Hospital shall require physicians who provide CWC in Center to have all training and certificates as required by State or Federal law.

4.11 **Quality Improvement.** Hospital shall assist Company in its efforts to provide quality improvement as described in Section 3.15 contained herein, through regular communication with Company Staff and adherence to all reasonable and appropriate recommendations for improvement made by Company in its assessments and reviews.

4.12 **Utilities.** Hospital shall provide to Center uninterrupted use of utilities, which shall include electric, oxygen for the hyperbaric chambers, water, telephone service, dedicated fax line, and a dedicated telephone line for high speed internet access (firewall free) for the use of WoundStar®.

ARTICLE 5

COMPENSATION

5.1 **Compensation to Company and Payment Terms.** In consideration of all Management and Support Services provided by Company pursuant to this Agreement, Hospital shall compensate Company as set forth on Addendum "D" attached hereto. Consistent with the representation and warranty contained in Section 6.1.2, below, the parties hereby acknowledge and agree that the compensation set forth in Addendum "D" attached hereto is commercially reasonable, is fair market value for the services Company shall provide pursuant to this Agreement, and is not determined in a manner that takes into account the volume or value of referrals or other business generated between the parties.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES

6.1 **Mutual Representations and Warranties.** Company and Hospital each represent and warrant to, and covenant and agree with each other that:

6.1.1 The Management and Support Services arranged for pursuant to this Agreement do not exceed that which is reasonable and necessary for the legitimate business purpose of this Agreement, and will be used exclusively by Hospital when located at Hospital's Facility.

6.1.2 The charges for Management and Support Services are commercially reasonable, consistent with fair market value, and are not determined in a manner that takes into account the volume or value of any Patient referrals.

6.1.3 To the best knowledge of Hospital and Company, the Management and Support Services to be performed by Company Staff under this Agreement do not constitute a business arrangement that violates any state or federal law.

6.1.4 This Agreement and any Addendums attached hereto describe all of the Management and Support Services arranged to be provided by Company to Hospital.

6.1.5 This Agreement describes all of the remuneration being paid to or on behalf of Company by Hospital with respect to the Program.

6.1.6 To the extent that CWC services are payable by Patients and/or other third party payors for CWC rendered to Patients by Hospital, Hospital shall be solely responsible for billing and collecting and for compliance with all statutory, regulatory, and payor instructions and procedures. Company shall not bill Patients or third party payors for CWC.

ARTICLE 7

TERM AND TERMINATION

7.1 **Initial Term.** This Agreement shall be for an Initial Term of five (5) years from the Effective Date as defined in paragraph 1.5 herein, unless earlier terminated pursuant to the provisions of this Section 7. Notwithstanding the foregoing or any other provision of this Agreement, if a different term and/or removal of restrictions is required in order to comply with IRS requirements addressing services provided in areas of hospitals that were financed with the proceeds of tax-exempt State or local bonds, the parties agree that the Agreement shall be deemed to be amended to comply with such requirements. In the event that it appears that IRS requirements would require such amendment, the Hospital shall immediately notify the Company and provide it with all pertinent information.

7.2 **Renewal Term(s).** This Agreement shall automatically renew for an additional two (2) year term ("Renewal Term") unless terminated by Hospital or Company in writing at least one hundred and twenty (120) days prior to expiration of the Initial Term. The terms of this Agreement during such Renewal Term will be the same as contained herein, unless amended or otherwise provided herein. This Agreement shall thereafter automatically renew for successive one (1) year Renewal Terms, unless otherwise terminated by either party in writing, not less than one hundred twenty (120) days prior to each Renewal Term.

7.3 **Termination for Cause.** This Agreement may be terminated for the following reasons:

- A. By either party upon the other party's material breach of any obligations hereunder, if such breach remains uncorrected for a period of thirty (30) days after the receipt by the breaching party from the other party of written notice of such breach, which notice sets forth in detail the nature of such breach.
- B. By the other party immediately upon notice that a party to this Agreement has filed a petition in bankruptcy, or made an assignment for the benefit of its creditors, or otherwise has admitted in writing its inability to meet its financial obligations or responsibilities under this Agreement.
- C. By either party immediately upon notice to the other party upon the reasonable determination by the party giving notice that the health and safety of Patients is being endangered by the other party hereto. Such notice shall be accompanied by sworn statements or documented evidence of facts giving rise to such determination.

- D. By either party if, during any consecutive twelve (12) month period during the Term of this Agreement, less than one hundred twenty (120) Patients receive CWC at Center, regardless of payor source. This termination clause is intended to measure the economic viability of Center and is not intended to induce the referral of Patients.
- E. By Company in the event Hospital defaults in the payment of or otherwise fails to pay any amount due Company hereunder on or before the due date, and such default remains uncorrected for a period of ten (10) days after written notice of such breach from Company.

7.4 **Automatic Termination.** In addition to the provisions of Section 7.3, this Agreement may be terminated in accordance with the provisions of Section 10.10 hereof.

7.5 **Effect of Termination.** The expiration or termination of this Agreement shall not affect any of the obligations of either party arising prior to the date of such expiration or termination, nor shall such expiration or termination affect any obligations, promises or covenants contained herein which are expressly made to extend beyond the Term of this Agreement.

7.6 **Removal of Company Property.** Company Property as described in Addendum "A" attached hereto shall continue to be owned by Company and shall not be considered a fixture or other property of Hospital. Upon expiration or termination of this Agreement, Company shall have the right to remove all Company Property it has installed or brought into Center for the purpose of rendering Management and Support Services. Company shall have thirty (30) days after termination of this Agreement to remove Company Property from Center. Company shall use all reasonable efforts not to incur any damage to Center as a result of the removal of Company Property.

ARTICLE 8

CONFIDENTIALITY

During the Term of this Agreement and following the expiration or termination of this Agreement, the parties hereto covenant and agree as follows:

8.1 **Confidentiality of Patient Information.** Company shall comply with Hospital's policies and state and federal laws and regulations regarding the confidentiality, disclosure and retention of Patient records. Medical records of the Patients are and shall remain the property of Hospital and shall not be faxed, copied or removed from Hospital's storage areas without the express written consent of Hospital.

8.2 **Business Confidential Information.** Each party agrees that the other party possesses books, manuals, documents, materials, property or other business information which may be distributed or otherwise disclosed to the other party's employees, agents or representatives as a result of the operation of Center and which are not in the public domain.

Such books, manuals, documents, materials, property etc. shall constitute Confidential Information under this Agreement. Each party, and its employees, agents and representatives shall not use any of the other party's Confidential Information for any purpose other than in connection with the performance of its obligations under this Agreement, and shall not disclose, publicize or disseminate any such Confidential Information to any third party without the express written consent of the other party, except as may be required under state or federal law. In the event applicable law requires a party to disclose such Confidential Information of the other party, such party shall immediately notify the other party whose Confidential Information is in question of the request for disclosure, and to the extent permissible by law, such other party shall respond to said request. Upon the expiration or termination of this Agreement, each party shall use its best efforts to retrieve from employees, agents and representatives, and return to the other party, any and all materials containing Confidential Information within thirty (30) days following such expiration or termination. If, upon expiration or termination of this Agreement, return of Confidential Information is not possible for any reason, the party required to return the Confidential Information shall use its best efforts to destroy any Confidential Information still within its possession, and shall send the other party written notice confirming such action within thirty (30) days following expiration or termination of this Agreement.

8.3 **Use of Mark.** Neither Hospital nor Company shall use in any manner the logo, service mark or trademark of the other party, other than pursuant to the terms and conditions of this Agreement, without the express prior written consent of the other party.

ARTICLE 9

IX. INSURANCE

9.1 **Liability and Fire Insurance.** Each party hereto shall maintain during the Term of this Agreement comprehensive general liability and professional liability insurance with one or more insurers satisfactory to the other party hereto, in the amount of at least One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate. Company agree to provide and carry fire and extended coverage on all Company Property located in Center. Upon written request, Hospital and Company agree to furnish to the other certificates of insurance assuring such coverage is in place. Each party agrees to notify the other party within ten (10) days of any material change in any policy of insurance required to be secured or maintained by such party hereunder.

ARTICLE 10

MISCELLANEOUS

10.1 **Hospital Policies.** During the Term of this Agreement, Company agrees to abide by Hospital policies and practices including, but not limited to, participating in quality assurance/quality improvement studies and activities, safety rules, infection control rules, conscious sedation policies, verification of licenses for any Company professional, etc. Company Staff will be obligated to attend pertinent hospital meetings and functions as deemed necessary by Hospital.

10.2 Authority of Company. Company has full authority to execute and to perform this Agreement in accordance with its terms. The execution and delivery of this Agreement constitutes the legal, valid and binding agreement of Company and is enforceable against Company in accordance with the terms hereof. The consummation of the transactions contemplated hereby will not result in a breach, violation or default or give rise to an event which, with the giving of notice or after the passage of time, would result in a breach, violation or default of any of the terms or provisions of Company's Articles of Incorporation or by-laws or of any other indenture, agreement, judgment, decree or other instrument or restriction to which Company is a party or by which Company may be bound. This Agreement and the transactions contemplated hereby have been duly authorized by requisite corporate action on the part of Company and no further authorization or approval, whether of the shareholders or directors of Company, is necessary in order to enable Company to enter into and perform this agreement.

10.3 Authority of Hospital. Hospital has full authority to execute and to perform this Agreement in accordance with its terms. The execution and delivery of this Agreement constitutes the legal, valid and binding agreement of Hospital and is enforceable against Hospital in accordance with the terms hereof. The consummation of the transactions contemplated hereby will not result in a breach, violation or default or give rise to an event which, with the giving of notice or after the passage of time, would result in a breach, violation or default of any of the terms or provisions of Hospital's Articles of Incorporation or by-laws or of any other indenture, agreement, judgment, decree or other instrument or restriction to which Hospital is a party or by which Hospital is bound. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by Hospital.

10.4 Independent Contractor. It is expressly understood and agreed that in the performance of the Management and Support Services under this Agreement, Company shall, at all times, act as an independent contractor with respect to Hospital, and nothing contained in this Agreement shall be construed to create a joint venture, partnership, association or other affiliation or similar relationship between the parties, it being specifically agreed that the relationship is and shall remain that of independent parties to a contractual relationship. Accordingly, Hospital shall neither have nor exercise any specific control or direction over the particular methods by which Company and Company Staff provide the Management and Support Services required pursuant to this Agreement, except as otherwise specifically set forth herein. In no event shall either party be liable for the debts or obligations of the other, except as otherwise specifically provided in this Agreement. Company shall not make reference to Hospital as its "Hospital Partner" or "Business Partner" in any documents or materials.

10.5 Assignment. The rights under this Agreement shall not be assignable nor the duties delegable by either of the parties hereto without the prior written consent of the other party; provided, however, upon written notice to the other Party, either Party may assign its rights and obligations hereunder to any other entity which controls, is controlled by, or is under common control with the Party; and provided further that Hospital may assign its rights and obligations hereunder without the prior written consent of Company in the event of a sale of Hospital to another entity, provided that Hospital conditions such sale upon the purchaser agreeing to assume and perform all the rights, obligations, and duties of Hospital in accordance with the terms and conditions contained herein, as of the date such sale is completed and closed. In such event, Hospital shall remain obligated hereunder unless released in writing by Company.

10.6 **Partial Invalidity.** Except as otherwise provided in Section 10.10, if any one or more of the provisions of this Agreement shall be held invalid or unenforceable in any respect, the remaining provisions of this Agreement shall be considered severable and not affected thereby, and each remaining term and provision shall be valid and enforced to the fullest extent permitted by law.

10.7 **Research and Development ("R&D").** Each party shall, with written permission from the other, be entitled to use and document any activity conducted in Center for the purpose of research, development, education, and/or publication in accordance with applicable laws regarding confidentiality of patient medical records and privacy.

10.8 **Access to Books, Documents and Records.**

(a) Company agrees to the extent required by Section 1861 (V)(1)(I) of the Federal Social Security Act that:

i) Until the expiration of four (4) years after the furnishing of the Management and Support Services pursuant to this Agreement, Company shall make available, upon written request to the Secretary of Health and Human Services, or upon request to the Comptroller General, or any of their duly authorized representatives, this Agreement, and any books, documents and records of Company that are necessary to verify the nature and extent of the costs claimed to Medicare with respect to the Management and Support Services provided under this Agreement.

ii) If Company carries out any of its duties under this Agreement through a subcontract, with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period, with a related organization, then until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, Company will cause the related organization to make available, upon written request to the Secretary of Health and Human Services, or upon request to the Comptroller General, or any of their duly authorized representatives, that subcontract, any books, documents and records of such related organization that are necessary to verify the nature and extent of the costs claimed to Medicare with respect to the Management and Support Services provided under this Agreement.

(b) Company agrees to keep, or cause to be kept, in a timely manner, accurate and complete records on all Patient files reviewed by Company. All records shall be prepared, maintained and disclosed only in accordance with applicable law and Hospital's policies on preparing, maintaining and disclosing such records. All such records are and shall remain Hospital's property.

10.9 **Compliance with Medicare/Medicaid Statutes and Regulations.** The parties to this Agreement intend to comply with, and have therefore structured this Agreement so as to comply with all applicable federal and state laws ("Laws") rules and regulations ("Regulations") affecting, resulting or governing this Agreement including, but not limited to the Medicare/Medicaid Anti-Kickback Statute 42 U.S.C. 1320a-7b(b) and the Safe Harbor Regulations 42 C.F.R. Part 1001.

If at any time this Agreement is found to violate the Laws or the Regulations or if either party has a reasonable belief that this Agreement creates a material risk of violating the Laws or the Regulations, such party shall notify the other in writing and shall describe the violation or potential violation with particularity. Within thirty (30) days of such notice the parties shall commence the re-negotiation of this Agreement in good faith in light of the issues raised. If the parties fail to reach agreement within sixty (60) days of the written notice, this Agreement shall automatically terminate.

This Agreement is not intended to induce the referral of Patients. The parties acknowledge that there is no obligation or compensation under this Agreement or any Agreement between Hospital and Company that requires Company to refer, recommend or arrange for, any items or services paid for by Medicare or Medicaid.

10.10 Restriction from Hiring Staff. During the Term of this Agreement and for a period of twelve (12) months following the expiration or termination of this Agreement for any reason, Hospital agrees not to employ, directly or indirectly, any Company Staff without prior written approval of Company.

During the Term of this Agreement and for a period of twelve (12) months following the expiration or termination of this Agreement, Company agrees not to employ, directly or indirectly, any Hospital Staff without prior written approval of Hospital.

10.11 Entire Agreement. This Agreement, including the Addendums attached hereto, constitutes the entire agreement of the parties hereto regarding the subject matter hereof, and there are no other representations, promises, agreements, arrangements, covenants or conditions concerning this subject matter, whether oral or written, express or implied, that are not incorporated in this Agreement.

10.12 Enforcement and Venue. The laws of the State within which Hospital is located shall govern the interpretation, construction, and legal effect of this Agreement. In the event either party institutes litigation to enforce the provisions of this Agreement or as a result of a breach or failure by the other party to perform its obligations under this Agreement, the parties agree that venue shall be in a state or federal court having proper jurisdiction for the county where the Hospital is located.

10.13 Modification. This Agreement may only be amended by a written agreement signed by an authorized representative of Hospital and Company.

10.14 Statement of Non-Discrimination. Each of the parties represents and warrants to the other that no aspect of employment shall be denied on the basis of unlawful discrimination.

10.15 Headings. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of this Agreement.

10.16 Participation In Federal Programs. Each party represents and warrants to the other that (1) it is not excluded from any federal health care program, as defined under 42 U.S.C. Section 1320a-7b(f), for the provision of items or services for which payment may be made under a federal health care program; (b) it has not arranged or contracted (by

employment or otherwise) with any employee, contractor or agent that it knows or should know is excluded from participation in any federal health care program, and (c) no final adverse action, as such term is defined under 42 U.S.C. Section 1320a-7e(g), has occurred or is pending or threatened against it or, to its knowledge, against any employee, contractor, or agent engaged to provide items or services under this Agreement.

10.17 Compliance with Privacy Standards. Each party agrees to comply with the Privacy Standards promulgated pursuant to the Health Insurance Portability and Accountability Act, beginning on April 14, 2003. The parties have determined that Company is acting as a Business Associate (as defined in the Privacy Standards) of Hospital when it performs its duties pursuant to this Agreement. Hospital shall provide to Company its Business Associate Agreement for signature by Company, and Hospital and Company agree to comply with all provisions contained therein; such Business Associate Agreement shall be deemed by this reference to be a part of this Agreement.

10.18 Hospital's Ownership and Control. Hospital's control notwithstanding anything to the contrary in this Agreement, the responsibilities of Hospital's Board are in no way obviated by entering into this Agreement and powers not specifically delegated to Company through the provisions of this Agreement shall remain with Hospital's Board. Further it is agreed by the parties that (i) Hospital retains responsibility for the day to day operations of Center; (ii) Company has no authority to hire or fire any Hospital employee; (iii) Company does not maintain and control the books and records of Center; (iv) Company; has no authority to adopt and enforce policies regarding the operation of Center and (v) Company has no authority to incur any liability on behalf of Hospital. Further, it is agreed that nothing in this Agreement constitutes an agreement to transfer a material amount of the Hospital's assets or operations to Company.

10.19 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) upon delivery, if hand delivered, (ii) on the first business day after deposit with an overnight delivery service, if sent by overnight delivery which requires a signed receipt, or (iii) seven (7) days after mailing, if mailed by United States certified mail (return receipt requested), postage prepaid, to the parties at the following addresses or at other address as shall be given in writing by either party to the other:

To Company:
Diversified Therapy Corp.
4500 Salisbury Road, Suite 490
Jacksonville, FL 32216

Attn.: President

To Hospital:
Danbury Hospital
24 Hospital Avenue
Danbury, CT 06810

Attn.: _____

IN WITNESS WHEREOF, this Agreement has been executed by the duly appointed representative of the parties hereto on the date set forth below.

COMPANY:
Diversified Therapy Corp.

HOSPITAL:
Danbury Hospital

By: _____

By: _____

(Print Name)

(Print Name)

Title: _____

Title: _____

Date: _____

Date: _____

Addendum "A"

Company Property

Company will provide the following:

Documents

- Standards of Care Manual
- Wound Algorithm
- Center Development and Implementation Check List

Data Tracking System

- WoundStar® - Company's proprietary web-based wound management data tracking system

Equipment

- Monoplace hyperbaric chambers and associated equipment.
- 1 Digital Imaging System
- 1 Computer and printer required to operate Digital Imaging and WoundStar®
- 4 Lead Transcutaneous Oxygen Monitors with printout capabilities and related software.

Educational Materials

- Wound Care Patient Guide
- Wound Care Patient Guide in Spanish
- Hyperbaric Patient Guide
- Hyperbaric Patient Guide in Spanish
- Patient satisfaction survey
- Brochure entitled: "Information for Referring Physicians"
- Case studies
- Print ads
- Billboard ads
- 30 Second radio ads
- 60 Second radio ads
- 30 Second television ads

Reference Library

- CWC and HBOT books and related articles.

WoundStar®, Documents, Equipment, Educational Materials, and Reference Library listed above and any other such property placed by Company in Center during the Term of this Agreement, are Company Property and shall be removed by Company upon termination of this Agreement.

Addendum "B"

Staff

1. Company agrees to provide the following personnel for Center as Company Staff as defined in Section 1.4 of this Agreement:

- Program Director
- Clinical Coordinator
- Hyperbaric Safety/Technical Director
- Certified Nurse Assistant

Such Company Staff shall be hired by Company and available at Center within a reasonable period of time prior to the opening of Center.

2. Hospital agrees to provide the following personnel as Hospital Staff as defined in Section 1.7 of this Agreement:

- Wound Care Nurse(s)
- HBOT Technician(s)
- Administrative Assistant/Data Coordinator

Company and Hospital shall agree on the Hospital Staff positions required to be filled prior to and upon the commencement of the Initial Term of this Agreement, and on the type and timing of positions to be added thereafter. All such Hospital Staff shall be the responsibility of Hospital. However, if requested by Hospital in writing to Company, Company agrees to employ such staff and will invoice Hospital monthly for the actual cost of salary plus twenty two percent (22%) of such salary to cover benefits and taxes applicable to such staff.

Addendum "C"

Medical and Office Equipment

Following is a list of the type of medical and office equipment for which Hospital is responsible according to this Agreement. The list is for example purposes only as actual equipment may vary according to the size of Center, scale, etc. Company shall consult with Hospital to develop the appropriate list.

MEDICAL EQUIPMENT

Electrical podiatric type chairs (1 per treatment room)
 One gurney for patients who must be treated in a prone position
 Portable examination lights
 Mini Refrigerator
 Wall mounted X-ray view box
 Glucose monitors / Accucheck
 Stethoscopes
 BP cuffs
 Otoscope
 Electronic thermometer
 Wheelchairs (oversized and regular)
 Stainless –shelf utility carts
 Dirty instrument trays
 Portable pulse oximetry
 Wound debridement instruments
 Air lift stools
 Mayo stands
 Linen hamper

OFFICE EQUIPMENT

Desks
 Patient chart binders
 Chart rack and forms holder
 Physician's Desk Reference
 File Cabinets
 Billing / Charge computer
 Waiting Room furniture
 Couches
 Chairs
 Tables
 Pictures
 Magazine rack
 Televisions – One mounted near each HBOT chamber
 Miscellaneous office supplies
 Dry erase board
 Fax machine
 Copy machine

Addendum "D"

Compensation and Payment Terms

1. Hospital shall reimburse Company each month the actual salary costs of Company Staff, as described in Addendum "B" herein, for that month plus Twenty Two percent (22%) of such salary costs to cover taxes and benefits.
2. Hospital shall pay Company for HBOT treatments provided at Center each month as follows:

Forty Dollars (\$40.00) for each 30-minute segment of hyperbaric oxygen therapy service.

Such payment is subject to the following adjustments and conditions:

- a. Hospital shall not be required to pay Company for Medicare Patients who are acute care inpatients at the time of treatment.
3. Hospital shall pay Company each month Forty Dollars (\$40.00) for each billable patient wound care encounter when billed under one of the following codes:

<u>Description</u>	<u>CPT</u>
Outpatient – New Brief	99201
Outpatient – New Limited	99202
Outpatient – Intermediate	99203
Outpatient – New – Extensive	99204
Outpatient – New – Complex	99205
Outpatient – Continued – Brief	99211
Outpatient – Continued – Limited	99212
Outpatient – Continued – Intermediate	99213
Outpatient – Continued – Extensive	99214
Outpatient – Continued – Complex	99215
Skin Debridement – Partial Thickness	11040
Skin Debridement – Full Thickness	11041
Skin Debridement – Subcu. & Tissue	11042
Skin Debridement – Subcu, Tissue & Muscle	11043
Skin Debridement – Subcu, Tissue, Muscle & Bone	11044
Preparation for Graft	15000
Application Bilaminar graft <25cm	15342
Application Bilaminar graft additional 25cm	15343
Application Zenograft	15400
Application Zenograft Additional	15401

4. Company shall invoice Hospital monthly for the salaries and benefits for Company Staff, HBOT Treatment Fees, and wound care encounter fees for services rendered the prior month. Payment shall be due to Company by the twentieth (20th) day from the date of Company invoice which shall be defined as the "Due Date".

A payment shall be considered delinquent if not received by Company on or before the 10th day following the Due Date. Any delinquent invoice shall begin to accrue interest at the maximum rate permitted under applicable law. The late charge and interest shall be immediately due and payable and shall be paid by Hospital to Company without notice or demand. Company reserves the right to seek collection of the late charges and interest at any time and shall not be deemed to have waived such right by accepting any payment from Hospital or by virtue of failing to invoice Hospital for such charges. The provision for a late charge and interest is not and shall not be deemed a grace period for payment.

5. All payments from Hospital to Company shall be paid to Company's offices in Jacksonville, Florida, unless Hospital is otherwise provided notice by Company to the contrary. All payments shall be in lawful currency of the United States of America.